

MINUTES OF THE SPECIAL COMMISSION MEETING OF THE MICHIGAN PUBLIC SERVICE
COMMISSION HELD IN ITS OFFICES ON JANUARY 20, 2017

Commission Chairman Sally A. Talberg called the meeting to order at 1:30 p.m.
Executive Secretary Kavita Kale called the roll and declared there was a quorum.

PRESENT

Commission: Sally A. Talberg, Chairman
Norman J. Saari, Commissioner
Rachael A. Eubanks, Commissioner

Staff: Kavita Kale
Alissa Day
Judy Palnau
Dave Isakson
Al Freeman
Derrell Slaughter
Gloria Pearl Jones

Public: Donald G. Hazzard
Nick Miller, GCSI
Karen Wienke, Consumers Energy Company
Mike Torrey, Consumers Energy Company
Zakiya Oliver, Consumers Energy Company
Anne Uitvlugt, Consumers Energy Company
Tim Hoffman, Consumers Energy
Suzy Westmoreland, MEGA
Mike Pattwell, ABATE
Kwafo Adarkwa, ITC
Jacob Kanclerz, MIRS

- I.** Commissioner Saari moved to approve today's agenda, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The agenda was approved.

- II.** Commissioner Saari moved to approve the minutes of the Regular Commission Meeting of January 12, 2017, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minutes were approved.

III. ORDERS

A. ELECTRIC

1. U-15895 COMMISSION'S OWN MOTION
U-18238 COMMISSION'S OWN MOTION
(filing requirements)

Case Nos. U-15895 and U-18238 involve the establishment of standard rate application filing forms and instructions. The order opens a docket to make further revisions to the Commission's existing rate case filing requirements. Commissioner Saari moved that the Commission approve the order at its January 20, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. U-18218 COMMISSION'S OWN MOTION
(Palisades PPA)

Case No. U-18218 is a docket opened on the Commission's own motion to commence consideration of the various regulatory reviews associated with Consumers Energy Company's decision to terminate early its power purchase agreement with Entergy Nuclear Palisades, LLC, for the purchase of power from the Palisades Nuclear Power Plant. The order before you provides certain criteria the Commission will need to consider as part of a securitization filing, and closes the docket. Commissioner Saari moved that the Commission approve the order at its January 20, 2017 meeting. Commissioner Eubanks seconded that motion.

Commissioner Saari Commented:

"Thanks to all of you who chose today to forego the Presidential Inaugural in Washington, D.C. and attend our Commission meeting. Let me give you our iteration of the President's message: our goal is to continue to make Michigan great.

In adopting the motion on the Palisades Purchase Power Agreement and the securitization request from Consumers Energy, the Commission emphasizes that it plans to proceed with dedicating significant staff time to gain a better understanding of the utility's proposal that sufficient plans are in place to make sure that customers' energy requirements are met. Additionally, we are mindful of the legislation establishing financial securitization and we will operate within our statutory authority.

There are important plan details that need to be examined and clarified. There may be other points of view that will be presented and need to be considered prior to the Commission making final decisions on the requests from Consumers Energy.

As this case proceeds, we will appreciate continued responsiveness from the utility in providing needed information regarding the financial transactions and operational proposals associated with the Palisades announcement.

While it was not part of an Inaugural speech from a former President, it is appropriate today for the Commission to heed the message of trust, but verify.”

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

3. U-18239 COMMISSION’S OWN MOTION
(implement Section 6w for CE)

Case No. U-18239 is a matter, on the Commission’s own motion, to open a docket to implement the provisions of Section 6w of 2016 PA 341 for Consumers Energy Company’s service territory. The order establishes a schedule for the proceeding. Commissioner Saari moved that the Commission approve the order at its January 20, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

4. U-18248 COMMISSION’S OWN MOTION
(implement Section 6w for DTE)

Case No. U-18248 is a matter, on the Commission’s own motion, to open a docket to implement the provisions of Section 6w of 2016 PA 341 for DTE Electric Company’s service territory. The order establishes a schedule for the proceeding. Commissioner Saari moved that the Commission approve the order at its January 20, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

B. GAS

1. U-18124 CONSUMERS ENERGY COMPANY (self-implementation)

Case No. U-18124 is a general natural gas rate case proceeding filed by Consumers Energy Company on August 1, 2016. The order before you finds good cause to prevent the utility from self-implementing a rate increase of \$60 million, approves procedures that will permit the utility to self-implement a lesser amount, and directs the company to use the rate design contained in Exhibit SI-2 if the company elects to self-implement new rates. Commissioner Saari moved that the Commission approve the order at its January 20, 2017 meeting. Commissioner Eubanks seconded that motion.

Chairman Talberg commented:

“In this order before us, the Commission is finding good cause to reduce the amount to be self-implemented by Consumers Energy in its natural gas rate case, authorizing \$20 million instead of the \$60 million sought by the utility.

I want to emphasize that this is based on the information presented on the record in this case. Our action should not be viewed as a shift in Commission policy with respect to self-implementation, nor is it in response to the new energy laws.

To be clear, self-implementation remains available for any new rate cases filed with the Commission prior to the new energy laws taking effect on April 20, 2017.”

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

IV. PUBLIC COMMENTS

Mr. Donald G. Hazzard, Ypsilanti, Michigan, submitted inquiries related to: 1) DTE’s request regarding a variance to remove odors from a pipeline; 2) gas lines that runs through the Straits of Mackinac; and 3) two houses that are being destroyed by a huge sinkhole caused by a sewer problem.

Chairman Talberg stated that the maintenance of the pipeline on the Straits of Mackinac is the responsibility of the Federal Government. The State is involved in a number of activities including ongoing studies on risk issues, as well as other alternatives that has been commissioned by the Governor through the Pipeline Safety Advisory Board, in which the Commission participates. Chairman Talberg further indicated that she will consult with staff and get back to him.

An audio recording of the proceedings of the January 20, 2017 meeting is archived in podcast format at: http://www.michigan.gov/documents/mpsc/DM620110_549396_7.MP3.

Chairman Talberg's Closing Remarks:

"First, even though we do not have an order going out today, we have a press release to announce the expansion of the Lifeline telephone discount program to include participants in the Veterans and Survivors Pension Benefits Program at: http://www.michigan.gov/mpsc/0,4639,7-159-16400_17280-402839--,00.html.

Chairman Talberg further stressed that she wanted to ensure that the Veterans were made aware and partner with the Department of Veterans Affairs."

"Second, as we discussed at our meeting in December, the Commission will have a key role implementing new energy laws, Public Acts 341 and 342. We look forward to this process to strengthen Michigan's energy future.

When I testified before the legislature on the energy reform package last summer I expressed my confidence in the Commission's ability to effectively implement the laws. This is what we are known for—bringing together diverse interests to work through important issues and issuing thoughtful decisions based on the hearing record.

My message to the legislature was clear: If you give us statutory authority to make Michigan's energy future responsive to the changing world around us, we accept this responsibility and will put in place programs and policies to make this happen.

The new laws do not take effect until April 20, 2017, but we are taking pro-active steps today to lay the foundation for a smooth implementation. Specifically, through our orders adopted today, we are initiating new proceedings dealing with rate case filing requirements as well as resource adequacy.

With the new laws establishing a shorter deadline of 10 months for rate cases filed after April 20, we are seeking recommendations from Commission staff and stakeholders on potential changes to our rate case filing requirements. The objective is to streamline the process for all parties and ensure that our staff and other parties have the requisite information at the outset of cases.

The MPSC is initiating proceedings today to improve the long-term resource adequacy for customers in the electric service territories of Consumers Energy Company and DTE Energy Company. By starting these proceedings now, we will be able to make decisions in an orderly and timely fashion. We expect participation in these proceedings from affected electric utilities, alternative electric suppliers, customers, and other interested parties.

The proceedings will evaluate different options for meeting reliability requirements in a cost-effective manner. The Commission has previously been on record that it has a responsibility to assure that electric providers have adequate electric generation capacity to cover their anticipated customer needs. The unprecedented number of power plant closures in the state and region have brought electric reliability issues to the forefront. We are encouraged by the fact that recent policy activities at both the federal and state level, including passage of Public Act 341, provide new tools for Michigan electric providers to ensure there is adequate electric generation capacity to serve customers.

There are many other aspects to the energy legislation including rulemakings, studies, and contested case proceedings. We are establishing teams and detailed work plans to implement those provisions of the law. Collectively, these actions are geared toward a more reliable, adaptable, affordable energy future that is protective of the environment. We look forward to working with stakeholders as we implement the new laws."

Chairman Talberg announced that the next regularly scheduled Commission Meeting will be held on January 31, 2017 at 1:30 p.m.

Commissioner Saari moved that the Commission adjourn, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The motion was approved.

The meeting adjourned at 1:45 p.m.

Kavita Kale
Executive Secretary